

Approximately \$170,000 in grants are annually paid to between 30 and 35 grantees under Colorado's Military Family Relief Fund program, with an average grant of approximately \$5,000. It is unknown whether grantees currently report the grant as income for federal or state tax filings.

State Revenue

State revenue to the General Fund is reduced by up to \$7,871 per year under the bill. At Colorado's income tax rate of 4.63 percent, a total distribution of \$170,000 in grants represents up to \$7,871 in annual income tax revenue that military families may have paid. A one-half year revenue impact of up to \$3,946 accrues in FY 2013-14, with the potential full-year impact of \$7,871 beginning in FY 2014-15. The fiscal note assumes that only a portion of fund recipients are likely to have claimed the grant as income under current law, as some taxpayers may receive guidance from the DOR or would not claim the income for other reasons.

State Expenditures

The Department of Revenue (DOR) will experience a minimal increase in workload to address filings or questions submitted by taxpayers affected by the bill. The DOR may be required to adjust a taxpayer's state return if that taxpayer has claimed a grant from the fund as federally taxable income. Based on the small number of affected taxpayers and existing practices in the Department of Revenue, clarifying the taxability of grants from the Military Family Relief Fund will result in no significant workload increase in the DOR and no need for new appropriations.

Departments Contacted

Revenue
Law

Military and Veterans Affairs
Health Care Policy and Financing

Human Services
Personnel